



Market Commentary

Dec 06, 2008

Spices counter traded on a weaker note during the previous week. Only Jeera was the exception of the lot as it traded on a positive note. Counters which traded on weaker note was primarily on the back of limited demand, Indonesian pepper crop figures and speculative sell-off. Whereas, in case of jeera prices were supported due to rains in major producing belt and domestic demand.

Pepper futures were hammered by speculative sell-off. This was primarily on the back of limited trades reported in the spot front and crop figure presented by Indonesian representative at IPC meet (Vietnam). Which indicated more than expected crop numbers this could change the global supply dynamics due to which speculative sell-off was witnessed in futures counter. Even on the spot front prices traded on a weaker note as they were reported to be at Rs.113/Kg from Rs.117/kg as per IPSTA quotes. But at other origin especially Vietnam local prices traded on a steady note at 34,000DONG.

In case of Turmeric and Chilli prices traded on a weaker note due to weak demand and fresh spell of rains which improved the prospects for the new crop. Chilli counter also took negative cues from the news that Federal Agricultural Marketing Authority (FAMA) has imported two metric tones of red chilli from China to compensate for its shortage in the state.

Jeera was the exception of the whole lot as prices traded on a positive note during the week. This was primarily due to rains in Gujarat which is the major producing belt for jeera. And this was supported by buying from the domestic buyers in the spot market.

Weekly Market Data				
Commodity	Pepper	Pepper	Jeera	Jeera
Contract	Spot-Kochi	Dec	Spot - Unjha	Jan
Open	11400	11199	10625	10560
High	11400	11237	10838	10770
Low	11300	10692	10600	10307
Close	11300	10875	10838	10674
Change	-400	-288	238	159
Percent Chg	-3.42%	-2.58%	2.25%	1.51%
Volume	NA	6926	0	16677
Open Interest	NA	3699	0	6210
Change	NA	-869	0	-630
Pivot	11333	10935	10759	10584
Resistance	11367	11177	10917	10860
Support	11267	10632	10679	10397

Weekly Market Data				
Commodity	Chilli	Chilli	Turmeric	Turmeric
Contract	Spot-Guntur	Dec	Spot-NZM	Dec
Open	5705	5380	3864	3885
High	5750	5430	3864	3894
Low	5705	5232	3817	3562
Close	5740	5275	3837	3680
Change	16	-142	-31	-192
Percent Chg	0.28%	-2.62%	-0.80%	-4.96%
Volume	NA	690	0	94650
Open Interest	NA	1280	0	11700
Change	NA	-220	0	-4260
Pivot	5731.67	5312.33	3839	3712
Resistance	5758.33	5392.67	3862	3862
Support	5713.33	5194.67	3815	3530

PERSPECTIVE

Pepper

Pepper prices traded on a weaker note during the previous week. Infact market opened on a weaker note which continued until weekend as prices closed well below previous week's levels. This was on the back of weak demand and Indonesian excess crop figures for current season presented at IPC meet.

Recent IPC meet which concluded on 27th Nov'08 at Vietnam wherein Indonesian presented papers in which it mentioned excess crop for the new season. People were expecting crop to be around 15,000-18,000 tones however Indonesian representative presented the estimates of almost 40,000-42,000 tones. This excess production in Indonesia would change the global supply dynamics for pepper. As a result of which heavy speculative sell-off was witnessed in the futures counter. On the spot front limited trade was reported as a result of which prices did not see any major change and stood at same levels as previous week. Prices quoted by IPSTA showed weakness from Rs.117/kg previous week to Rs.113/kg . This was due to above mentioned reason. But on the international front especially Vietnam prices traded on a steady note and was reported to be at 34000DONG.

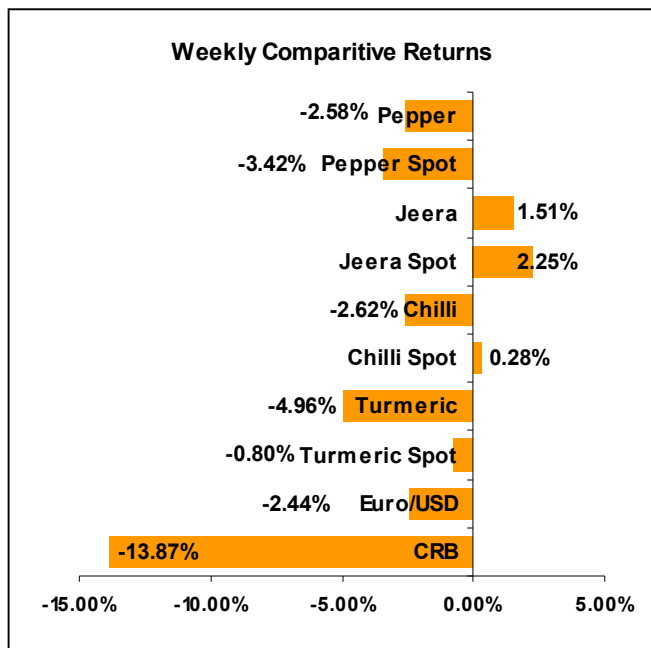
But prices on futures counter was primarily influenced by Indonesian crop figures and weak demand in the spot front.

Turmeric

Turmeric futures traded on a weaker note during the previous week. Infact market opened on a weaker note with some resilient during mid week as prices showed some recovery but nearing weekend prices could not sustain as it slumped and closed in negative trajectory. This was primarily on the back of weak domestic demand reported in the spot front and with fresh spell of rains improving prospect for new crop.

Spot market did witness demand from domestic buyers as they have well covered themselves and for that reason spot prices showed tad weakness. Furthermore, rains in the major producing belt of South India has improved the prospect of new crop for the coming season. Taking cues from the same prices traded on a subdued note on futures counter and closed well below previous week's levels.

“Pepper prices trades on a weaker note due to speculative sell-off & weak demand”



“Turmeric trades on a weaker note due to weak demand & improved crop prospects ”

Jeera

Jeera futures traded on a positive note during the previous week. Market opened on a weaker note which continued until mid week, but later on prices recovered nearing weekend and closed above previous week's levels. This was purely on the back of rains in the major producing belt of Gujarat and some demand from domestic buyers.

Spot markets reported arrivals of around 1800-2000 bags on daily basis. There was some demand from the domestic buyers due to festive season which supported the prices in the spot front. Taking cues from the same futures counter traded on a positive note.

Furthermore, prices in futures counter were further supported due to rains in Gujarat which is the major producing belt for jeera. As a result of which prices traded on positive note and closed well above previous week's levels.

“Jeera prices trades on a positive note supported by domestic buyers and rains in Gujarat ”

Chilli

Chilli prices traded on a weaker note during the previous week. Market opened on a steady note with some upside during mid week, however prices could not sustain as prices slumped nearing weekend and closed well below previous week's levels. This was primarily on the back of weak demand, fresh rains improving prospects of new crop and on news that The Federal Agricultural Marketing Authority (FAMA) has imported two metric tones of red chilli from China to compensate for its shortage in the state.

Arrivals on the spot front was reported to be at 30,000-35,000 bags, but demand was reported to be weak. Even fresh spell of rains in Andhra Pradesh has improved the prospect of new crop for the season. But prices did not see any major change in the spot market. But taking cues from the above mentioned reason futures prices traded on a weaker note and this was further suppressed by news in Malaysian national newspaper that the Federal Agricultural Marketing Authority (FAMA) has imported two metric tones of red chilli from China to compensate for its shortage in the state. As a result of which prices traded well below previous week levels.

“Chilli prices weakens on the back of weak demand, good crop prospects & on news that Malaysian Govt have covered buying from China”

OUTLOOK

Jeera

With weak demand prevailing in the spot front and good crop prospects for the coming season. We expect jeera prices to trade on a weaker note during next week. Any upside would be an ideal opportunity to sell on rise.

Pepper

With heavy downslide witnessed during this week we could see some short covering in pepper futures during next week. Fundamentals continues to remain bit sluggish so we wont suggest buying. As prices are not able to sustain on higher levels.

Chilli

Chilli prices should trade on a range bound mode during next week. This is because some domestic demand is expected to support the prices. However, it would be capped due to good crop prospects for new season.

Turmeric

Turmeric prices as expected has seen major downslide during this week. Even next week demand is expected to be weak in the spot market. However, we expect some short covering in the futures counter.

“Pepper futures could witness short covering. However, upside will be capped due to weak demand prevailing in the spot front”

TECHNICAL ANALYSIS

PEPPER

Pepper Jan' 08 Ncdex:

Trend>>> Sideways (Mildly weak below 10950 towards 10650, which is the key support)

Pepper January seen to move in sideways weak testing previous lows below 10950 and well poised to test previous low at 10653 .Technically Pepper can find Support near 10600 Levels can rally back towards 10950 and 11279. Any break or close below 10525 Pepper can slide towards 9985 . All technical indicators are in neutral condition with mildly bullish bias Immediate upside support is placed at 11279 , 11482 and above which can see prices rallying towards 11782 also on the downside support is placed near 11600 and below that 9985 .

NCDEX Pepper January (Weekly) Supports 10653 , 10250 and even 9985 levels :: Resistances 11 279 , 11626. Buy NCDEX Pepper in the range of 10653-10600 , Stop loss above 10400 , Target 11000 , 11272 and 11626

NCDEX Jan Pepper



JEERA

Jeera Jan'09 Ncdex:

Trend>>> Sideways (Weak below 10950 towards 10250 and also 9950)

Jeera Jan seen to move in mildly bullish and can test 10950 on the upside ,Technically all indicators are in overbought zone indicating price action to turn down in coming days from 10950 .Jeera can find Selling pressure near 10950 levels towards 10500 and 10255 .Immediate upside resistance is seen near 10950 and above which only Jeera can rally towards 11450 ,on the downside supports are placed near 10255 and also 9950

NCDEX Jeera January (Weekly) Supports 10255 , 9950 and even 9400 levels :: Resistances 9950 , 11450

Sell NCDEX Jeera in the range of 10950-11000 , Stop loss above 11250 , Target 10400 , 10250 and 10000

NCDEX Jan Jeera



CHILLI

Chilli Dec 08 NCDEX:

Trend>>> Sideways between 5300 and 5550, Weak below 5300 towards 5050

NCDEX Chilli December seen to move in Sideways between 5300 and 5600 range this week and set to move in the same range breaking of either levels shall decide the direction in Chilli .With volume decreasing and all technical indicators are in sideways negative zone indicates bearish action in near term .Immediate upside resistance is seen at 5600 and above that 5825 on the downside supports are seen near 5300 below only can slide towards 5000 levels

NCDEX Chilli Dec (Weekly) Supports 5300 and 5000 levels :: Resistances 5600 and 5825 levels

Turmeric

Turmeric Apr 08 Ncdex:

Trend>>> Sideways between 3360 and 3650 , Weak Below 3360 towards 3150 and 3055

Turmeric April seen to move in Sideways to weak for the whole week and tested the lows of 3380 in the week end .A minor relief rally can be expected if 3360 is not breached on the downside till 3525 .All technical indicators indicate sideways to bearish indicating low price action in the short term ,Immediate upside resistance is seen at 3525 and above that 3650 on the downside supports are seen near 3360 below only can slide towards 3150 and also 3055 levels

NCDEX Turmeric April (Weekly) Supports 3360 , 3200 and even 3055 levels :: Resistances 3525 , 3650/3690

Sell NCDEX Turmeric April below 3350, Stop loss above 3450 , Target 3225 and 3075

Sell Turmeric Dec below 3770 target 3520/3420 Stop loss above 3850

NCDEX Dec Chilli



NCDEX Apr Turmeric



ANANDRATHI COMMODITY RESEARCH

11th Floor, Times Tower,
Kamala Mill Compound, Pandurang Budhkar Marg,
Lower Parel, Mumbai - 400016

Phone: 91-22-6626 6460
Fax: 91-22-6626 6464
E-mail: commodity@rathi.com

We're on the Web
www.rathi.com

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